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FROM: Helen Robbins-Meyer
Chief Administrative Officer

HIGHLIGHTS OF THE GOVERNOR'S FY 2013-14 STATE BUDGET MAY REVISION AND POTENTIAL COUNTY IMPACTS

On May 14, 2013, Governor Jerry Brown presented a revised state budget that proposes a $96.4 billion spending plan for FY 2013-14, which is slightly less than the $98.5 billion budget he proposed in January. The May Revision focuses on the Governor's promise to invest in the state's public schools, continuing to pay down debts and establishing a reserve of $1.1 billion. The revision to his January Budget Proposal also provides clarity on the Administration's plan for the implementation of the Medi-Cal expansion portion of federal health care reform.

The Governor stated that California has experienced a multi-billion dollar increase in current-year cash receipts over the last four months, though he cautioned that the influx is expected to be short lived. According to the Governor, schools will largely benefit from this one-time increase.

The May Revision to the January Budget Proposal provides more detail about the Administration's vision for the implementation of the Medi-Cal expansion portion of federal health care reform, also known as the Affordable Care Act. The January Budget Proposal outlined two potential scenarios for Medi-Cal expansion and both options would have programmatic and funding impacts to the state and counties. The potential of a county-run program generated a great deal of concern among counties since the January Budget Proposal, and the May Revision ended the debate by proposing a state-based approach rather than a county-run program.

The Governor stated that there will be savings to counties after the expansion of Medi-Cal begins on January 1, 2014 because more people will be eligible for health coverage and fewer individuals will be the responsibility of counties. As a result, according to the May Revision the Administration is expecting nearly $300 million in General Fund savings in FY 2013-14 for counties, and proposes that counties give up an additional $900 million in FY 2014-15 and $1.3 billion in FY 2015-16. In addition, the Governor has proposed in the May Revision a gradual realignment over several years to transfer to counties the responsibilities for CalWORKS, CalWORKS-related child care and

CalFresh. These programs would be shifted to counties by FY 2016-17. The May Revision says very little about the mechanics or how the fiscal transaction would work for this new realignment proposal.

A few days after the May Revision was released, the non-partisan Legislative Analyst Office (LAO) expressed concern with the Administration's proposal to link Medi-Cal expansion to a complicated new state/county realignment.

As the budget deliberations begin we will continue to monitor the draft budget trailer bills and will provide updates to you when appropriate. The State Legislature is required to pass a State Budget and forward it to the Governor by June 15th in advance of the end of the fiscal year on June 30th.

The attached document includes highlights of the Governor's revised FY 2013-14 State Budget May Revision and potential impacts to the County of San Diego.

Respectfully,

HELEN ROBBINS-MEYER
Chief Administrative Officer

Attachment

cc: ACAO, CSG, FGGG, HHSA, LUEG, PSG, CNL, CLK, OSIA

GOVERNOR'S MAY REVISION FISCAL YEAR 2013-14 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO

MISCELLANEOUS BUDGET

A Balanced State Budget *(Governor's May Revision Budget Summary, Pages 5, 10)*
- The Governor continues to propose a multiyear balanced budget and maintains a $1.1 billion reserve.
- General Fund spending is projected to grow from $95.7 billion in FY 2012-13 to $96.3 billion in FY 2013-14. A majority of the spending growth would impact education and health programs.
- The state is beginning to plan for the expiration of temporary tax revenues, such as Proposition 30, that will be expiring within the next five years.

Potential Risks to the State Budget *(Governor's May Revision Budget Summary, Pages 5-7; Continued from the Governor's Proposed Budget Summary, Pages 6-7)*
- The pace of the economic recovery for the nation and state remains uncertain; therefore budget projections are subject to considerable volatility.
- The federal government and the courts have hindered the State's past efforts to reduce spending and could again interfere with the successful implementation of the state budget.
- The federal government could shift programs costs to the State or reduce overall federal spending in California.
- Beginning in FY 2015-16, the State will begin to pay hundreds of millions of dollars to the California Public Employees' Retirement System to help pay down the $28.5 billion unfunded liability for state employees' pensions. In addition, the State has indicated they have not yet set aside significant money to address the $63.8 billion in unfunded liabilities for future obligations.

State's Cash Flow *(State Controller's Office, Media Statement: Controller Releases April Cash Update, May 8, 2013)*
- Through the first 10 months of the fiscal year, total revenues exceeded the Governor's January projections by $4.6 billion. Personal income taxes led the gains by exceeding expectations by $4.4 billion.
- The State ended the last fiscal year with a cash deficit of $9.6 billion, and by April 30, 2013, that cash deficit narrowed to $5.8 billion. That deficit is being covered by $10 billion in external borrowing, which the State will begin repaying in late May.
- The State Controller's cash update for April 2013 notes total revenues at $15.03 billion, narrowly missing estimates by $119.9 million or -0.8 percent.

Wall of Debt *(Governor's May Revision Budget Summary, Page 6; Continued from the Governor's Proposed Budget Summary, Page 7)*
- The State currently has an outstanding debt of $27 billion in loans to schools, local government and dedicated funds from previous years. Governor Brown refers to this as the "Wall of Debt;" an unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade. In 2011, the level of outstanding budgetary borrowing totaled $35 billion. By the end of FY 2016-17, the Governor plans to have the Wall of Debt reduced to below $5 billion.

Suspension of State Mandates *(Continued from the Governor's Proposed Budget Summary, Pages 79-80)*
- As in recent Budget Acts, the Administration continues to limit the state mandate process by suspending most mandates except those related to law enforcement and property tax collection. The Department of Finance continues to seek a redetermination of the Sexually Violent Predator Mandate (see Public Safety Section)
- All previously suspended mandates from prior Budget Acts will remain suspended.
- The Governor's Proposed Budget Summary notes that the activities required by many mandates have become best practices that local agencies should be providing their citizens as a matter of course.
- The Governor proposed to suspend four new mandates, for which the Commission on State Mandates adopted Statewide Cost Estimates, for a General Fund savings of $103.8 million in FY 2013-14, in addition to five

mandates that are considered reimbursable activities by the Commission on State Mandates but for which the Commission has yet to adopt statewide cost estimates.

- Since the release of the January Proposed Budget, the Voter ID Procedure mandate was suspended with a cost estimate determination.
- Currently, there are five newly suspended mandates: the Domestic Violence Background Checks mandate, the Modified Primary Election mandate, the Permanent Absentee Voter II mandate, the Identity Theft mandate and the Voter ID Procedure mandate.
- The Commission on State Mandates has yet to adopt Statewide Cost Estimates on the following four mandates: the California Public Records Act mandate, the Local Agency Ethics mandate, the Tuberculosis Control mandate and the Interagency Child Abuse and Neglect Investigation Reports mandate.

COMMUNITY SERVICES

Enterprise Zones *(Governor's May Revision Budget Summary, Page 68)*

- The May Revision proposes to modernize the State's job creation and economic development incentives by reshaping the Enterprise Zone program, which according to the Governor in its current form fails to encourage creation of new jobs and instead incentivizes moving jobs from one place to another within the state. According to the Administration, the proposal is revenue neutral and focuses on improving the performance of those dollars already spent.

  County Impact
  - The County does not have any Enterprise Zones in the unincorporated area, but there are Enterprise Zones within local cities.

Proposition 39/The California Clean Energy Jobs Act of 2012 *(Governor's May Revision Budget Summary, Page 20; Continued from the Governor's Proposed Budget Summary, Page 24)*

- The May Revision continues to allocate all $400.5 million of Proposition 39's revenues (funds dedicated to energy projects) for Proposition 98 funding guarantees, and allocate these funds exclusively to schools and community colleges.

  County Impact
  - No impact. The Governor's May Revision Budget continues to exclude local governments as eligible entities for Proposition 39 funding.

Redevelopment Dissolution *(Governor's May Revision Budget Summary, Page 53)*

- For FY 2012-13 and FY 2013-14 combined, the May Revision estimates that the dissolution process of redevelopment agencies will allow for approximately $1.4 billion to be distributed back to counties, $1.1 billion to be distributed back to cities and $500 million to be distributed back to special districts. This unrestricted funding can be used by local governments to fund public services.

  County Impact
  - For FY 2012-13, the County projects to receive $21.7 million (including the County Library) as a result of the dissolution of redevelopment agencies based on residual payments made in January 2013 and projected for June 3, 2013. In addition, the County has received an additional $11.5 million in one-time funding associated with distributions that were part of the Due Diligence Review of Successor Agencies' Low and Moderate Income Housing Funds in FY 2012-13.
  - For FY 2013-14, the amount the County is projected to receive is unknown at this time.
- The May Revision estimates Proposition 98 General Fund savings resulting from dissolution to be $2.1 billion in FY 2012-13, the same amount that was estimated in the Governor's January Proposed Budget. For FY 2013-14, however, those calculations have now been revised upward to an estimate of $1.5 billion, $400 million above the Governor's January Proposed Budget. Ongoing Proposition 98 General Fund savings are estimated to be $825 million, $265 million higher that the Governor's Budget. Both increases are due to higher Due Diligence Review remittances, an increase in K-14 savings associated with the third and fourth ROPS cycles, and an overall increase in property tax revenues.
- There are more than 70 active lawsuits related to dissolution that form a risk to this projection.

Suspension of State Mandates *(Continued from the Governor's Proposed Budget Summary, Pages 79-80)*

- As in most recent Budget Acts, state mandates not related to law enforcement or property taxes, including election-related mandates, continue to be suspended. Three election-related mandates are included amongst the nine new state mandates proposed for suspension. These include the Modified Primary Election, Permanent Absentee Voter II, and Voter ID Procedures mandates.

  County Impact
  - $1.5 to $1.8 million in lost revenue per year from previous election-related SB 90 claims, such as voter registration, absentee ballots and permanent absentee voters.
  - An average of approximately $310,000 in lost revenue per year based on the new mandates suspended in the Governor's January Proposed Budget.
    - The claims vary depending on a gubernatorial primary or general election versus. a presidential primary or general election
    - No impact to the County relating to the Modified Primary Election mandate.
    - FY 2012-2013 $250,000 - $300,000 related to Permanent Absentee Voter II mandate.
    - FY 2012-2013 $100,000 - $120,000 related to Voter ID Procedure mandates.

FINANCE AND GENERAL GOVERNMENT

Deferral of Pre-2004 Mandate Obligations *(Continued from the Governor's Proposed Budget Summary, Page 79)*

- The Governor's January Proposed Budget continues to defer payments for mandate costs incurred prior to 2004-05, which are statutorily required to be completely paid by FY 2020-21.

  County Impact
  - The State currently owes the County more than $34 million in pre-2004 mandate payments.

Suspension of State Mandates *(Continued from the Governor's Proposed Budget Summary, Page 79)*

- The Governor's January Proposed Budget Summary reflects the continued suspension of most state mandates not related to law enforcement or property taxes, including three that are related to the Finance and General Government Group.

  County Impact
  - Unknown negative fiscal impact due to the continued suspension of the mandate reimbursement process. Reimbursement through the mandate reimbursement process totaled $14,623 in FY 2009-10.
  - Unknown negative fiscal impact due to the continued suspension of the Open Meetings Act/Brown Act Reform mandates. Reimbursements totaled $398,480 in claims filed by the County since 2005.
  - Unknown negative fiscal impact due to the continued suspension of the Senior Citizens Property Tax Postponement mandate. Reimbursement totaled $34,018 in FY 2008-09.

HEALTH AND HUMAN SERVICES

Health Care Reform- Medi-Cal Expansion *(Governor's May Revision Budget Summary, Pages 29-32)*

- The May Revision proposes a state-based approach for Medi-cal expansion.
  - Newly eligible individuals will receive the benefits currently provided by Medi-Cal.
  - Long-term care services will also be covered if the federal government approves the requirement of an asset test for these services (the federal Affordable Care Act eliminates the asset test currently required for Medi-Cal).
  - The County may choose to provide both existing enrollees and newly eligible beneficiaries an enhanced benefit package for substance use disorders.
- The Administration estimates that counties will save $300 million in FY 2013-14, $900 million in FY 2014-15, $1.3 billion in FY 2015-16. These proposed savings will shift from current county health funds through a financial "mechanism" to cover state costs.
- The financial mechanism will be established to determine the level of county savings based on actual experience.
  - The mechanism will look at actual county costs for providing services to Medi-Cal and uninsured patients and the revenue received for these services.

   - Revenues will include patient care revenues, federal funds, current health realignment dollars, and net county contributions for health care services.
- These proposed savings will be ultimately redirected to support human services programs that will be realigned to the local level (estimated FY 2016-17 at the earliest).
   - It proposes that, over time, counties assume greater financial responsibility for CalWORKs, CalWORKs-related child care programs and CalFresh administration costs.
   - Counties would be responsible for the coordination of all client services and would have opportunities to reinvest caseload savings and revenue growth in CalWORKs and related child care programs.
   - Eligibility, grant levels and rates would continue to be set at the state level.
   - The State would continue to provide funding for above-average costs that result from economic downturns or policy changes outside counties' control.
- The state will seek to maximize federal funding through the development and procurement of a future Medicaid Waiver to replace the existing Medicaid Waiver that expires in 2015.
- The Administration proposes to, over time, shift responsibility for California Children's Services, which provides specialized services for children with severe chronic health conditions, to the State. The appropriate role of counties in the Medical Therapy Program which provides physical therapy and occupational therapy services would also be considered. Counties would retain responsibility for providing and funding public health programs.

      <u>County Impact</u>
      - The Administration's proposal could require the transfer of all of the County's Health Realignment ($80 million) to the State, through some financial mechanism or realignment of social service programs. This would cut tens of millions of dollars for vital public health services as well as the County funding for Edgemoor. The State expects counties to use county local funds to cover any remaining indigent health care costs, as well as public health services costs.
      - The County of San Diego is working with its state associations to work with the Administration in developing an alternative proposal.

Medi-Cal Optional Expansion *(Governor's May Revision Budget Summary, Page 32)*
- The May Revision includes $1.5 billion ($21 million State General Fund) to implement the optional expansion in FY 2013-14. The figures assume that the state will receive 100 percent federal funding for the expansion population.
   - Services for Pregnant Women - Pregnant women with income between 100 percent and 200 percent of the Federal Poverty level who today are eligible for Medi-Cal will instead receive comprehensive coverage through Covered California, beginning in 2014 ($26.4 million State funding reduction).
   - Services for newly qualified Immigrants Present Fewer than Five Years - Individuals who would otherwise have been eligible under Medi-Cal as newly qualified immigrants will instead receive coverage through Covered California ($5.4 million State funding reduction).
   - County Administration Costs increases related to implementing the Affordable Care Act. The Administration proposed to base future appropriations on a time study of resource needs, beginning in FY 2015-16 ($143.8 million total funds, $71.9 million State funding increase).

      <u>County Impact</u>
      - It is estimated the County will receive $9.5 million - $11.5 million for the administration of the Medi-Cal expansion.

Managed Care *(Governor's May Revision Budget Summary, Page 34)*
- The May Revision proposes a tax on Medi-Cal managed care plans for FY 2012-13 and beyond ($342.9 million State funding reduction).
   - Medi-Cal managed care plans are assessed the tax and proceeds are matched with federal funds to provide supplemental payments to plans.

      <u>No County Impact</u>

Coordinate Care Initiative (CCI) *(Governor's May Revision Budget Summary, Page 34)*
- The May Revision changes the implementation date to January 1, 2014 as well as the scheduled phasing for beneficiaries enrolling in CCI, previously known as the Dual Eligbiles Pilot.
- The May Revision projects savings of $119.6 million in FY 2013-14.

      <u>Unknown County Impact</u>
      - Unable to determine impact without additional information from the State.

CalWORKs *(Governor's May Revision Budget Summary, Pages 35-36)*

- The recent CalWORKs reform established a prospective 24-month time limit on cash assistance and employment services for adults. The May Revision proposes to implement additional proven appraisal protocols, promote family stabilization, and provide enhanced subsidized employment opportunities. The proposal establishes a standardized assessment tool and process for new welfare-to-work participants. Barriers to employment will be identified early on and addressed so clients can successfully pursue employment. Counties with mature subsidized employment programs can expand those efforts. Counties new to such programs will receive technical assistance ($48.3 million state funding increase).
- The appropriate level of ongoing resources will be determined in the FY 2014-15 Governor's Budget.

  <u>County Impact</u>
  - The County of San Diego does not currently have a subsidized employment program. There may be fiscal impacts with the implementation of the early engagement requirements particularly the subsidized employment component.

In Home Supportive Services (IHSS) *(Governor's May Revision Budget Summary, Page 36)*

- In prior year budget cycles, the Governor had proposed a 20 percent across-the-board reduction in IHSS hours that has been held up in court since it was passed. In March 2013, the Administration reached an agreement with the plaintiffs on the class action lawsuits. For the settlement terms to be implemented, legislation is necessary to repeal the IHSS provider wage and services reductions enacted in prior years, including the 20-percent across-the-board reduction.
- The settlement requires an 8-percent across-the-board reduction effective July 1, 2013, and 7-percent savings annually thereafter ($176.4 million state funding reduction).

  <u>Local Impact</u>
  - Recipients hours will be reduced an average of 7 hours per month.

Mental Health Services Act (MHSA) *(Governor's May Revision Budget Summary, Page 39)*

- The May Revision includes funding for the initial cost of the 5-year Evaluation Master Plan beginning in FY 2013-14, which includes steps to maintain and upgrade the performance monitoring system, and evaluation studies.

  <u>Unknown County Impact</u>

Edgemoor *(Continued from the Governor's Proposed Budget Summary, Page 61)*

- The Governor's Proposed Budget continues to include the provider rate reduction enacted through AB97. This reduction will result in state savings of $488.4 million in FY 2013-14.

  <u>County Impact</u>
  - This rate reduction is tied up in federal court, but if the State prevails, it would have a negative impact on-going funding at Edgemoor. Final impact will be known when we receive further information from the State.

Cash Assistance Program for Immigrants (CAPI) *(Continued from the Governor's Proposed Budget Summary, Pages 69-70)*

- CAPI benefits are equivalent to Supplemental Security Income/State Supplemental Payment (SSI/SSP) benefits, less $20 per month for individuals and $20 per month for couples.
- The Governor's Proposed Budget contains a cost-of-living increase adjustment of 1.7 percent to the SSA portion of SSI.

  <u>Local Impact</u>
  - Beneficiaries will receive an increase of $20 and $30 for individuals and couples, respectively.

Federal Sequestration Backfill *(Governor's May Revision Budget Summary, Page 36)*

- The Administration acknowledges that the exact funding implications for most individual programs are still unclear. Federal agencies have not issued all the necessary guidelines and affected state departments are in the process of putting measures in place to minimize impacts.

LAND USE AND ENVIRONMENT

Beach Water Quality Monitoring *(Assembly Budget Subcommittee 3 (5/22/2013), State Water Resources Control Board)*

- The Governor's proposed funding level for beach water quality monitoring is $1 million. AB 411 allows for up to $1.8 million of funding for the beach water quality monitoring. Fiscal Year 2012-13 funding for this program was set at $1.0 million and at that level all of the County's costs are not covered. With no anticipated allocation formula change in Fiscal Year 2013-14, the County anticipates no additional change in funding with the $1.0 million. In Fiscal Year 2014-15, there is concern that without the full $1.8 million, the County's allocation may be reduced, leaving the County without the needed funds to maintain the current level of protection and notification for County beaches due to the anticipated change in allocation formula to be implemented in Fiscal Year 2014-15. The Legislature is considering, through its budget subcommittee process, whether to augment the $1 million with the additional $800,000 necessary for full funding, but Senate Budget Committee staff has indicated that the State Water Resources Control Board has a policy of cost recovery and that this augmentation may lead to an additional fee increase, potentially under the County's stormwater permit.

  <u>Unknown County Impact</u>

Citrus Pest and Disease Prevention Program *(Governor's May Revision Budget Summary, Page 55)*

- The Governor's May Revision adds $2.5 million to the Citrus Pest and Disease Prevention Program for 2013-14 and 2014-15 for the prevention of the spread of the Asian Citrus Psyllid and Huanglongbing disease.

  <u>County Impact</u>

  - Possible positive impact, but it is not yet known whether the County will receive any of these funds.

Stormwater Permit Implementation *(Governor's May Revision Budget Summary, Page 48)*

- The Governor's May Revision redirects $2.1 million in the Caltrans budget allocation from contract services to fund 25 new positions in 2013-14 to implement Caltrans' new National Pollution Discharge Elimination System stormwater permit. Like the recently adopted San Diego regional stormwater permit, the Caltrans permit includes new and costly requirements. The Governor notes that the new staffing positions will assess total maximum daily load requirements, address areas of special biological significance, and perform additional maintenance and reporting requirements.

PUBLIC SAFETY

Public Safety Realignment and 2011 Realignment Programs/AB109 *(Governor's May Revision Detail, Section 5196)*

- Both the January Proposed Budget and the May Revision assume continued funding for the overall 2011 Realignment program from two state sources: a sales tax of 1.0625 percent and Vehicle License Fees. The May Revision projects a lower level of total sales tax revenue than was forecasted in the Proposed Budget. The Legislative Analyst's Office projects a lower level of sales tax growth than is included in the Governor's May Revision. Lower levels of revenue will impact funds available for 2011 Realignment. The San Diego County percentage share in statute is 7.02 percent of revenues received in the Community Corrections Subaccount for FY 2013-14. In FY 2014-15, statewide funding for AB 109 activities is projected to decline and the current county allocations in statute expire. A long term county by county allocation formula will be developed by the Department of Finance in consultation with the California State Association of Counties and a group of county Chief Administrative Officers.

  <u>County Impact</u>

  - The amount of funding available for 2011 Public Safety Realignment/AB 109 is dependent on actual state revenues.
  - The projected amount for growth allocations for all 2011 Realignment accounts are lower than the State's January projections. The actual amounts available for each account will not be known until the fall.

Community Corrections Performance Incentive Funds (SB 678) *(Governor's May Revisions Budget Summary, Pages 2 and 41; Continued from the Governor's January Budget Summary, Appendix 29)*

- The May Revision amends the Governor's January Budget Proposal to lessen the reduction to this program. The Governor's January Proposal was a reduction of $103 million or 75% statewide. The Governor's May Revision reduces funding by $32 million or 23%, from $138.9 million to $106.9 million statewide for a program initiated in 2009 to provide treatment and intervention services to high risk probationers. These funds are allocated to county probation departments that demonstrate success in reducing the number of adult felony probations going to prison or jail for committing new crimes or violating the terms of probation.

  County Impact
  - The Department of Finance has proposed trailer bill language containing the updated statewide calculation and county allocations. Additional funds are estimated to be available to the County based on this formula.

California Department of Corrections and Rehabilitation (CDCR) – Prison Population Estimates *(Governor's May Revision Budget Summary, Page 41)*

- The May Revision does not specifically address further reduction of the prison population per the federal court order. On May 13, 2013, the State filed an Appeal to the Supreme Court of the United States in this matter.
- The State budget is increased by $11.5 Million in FY 2012-13 and by $6.7 Million in FY 2013-14 for projected population changes that include:
  - Average daily populations in the prisons are anticipated to be higher. The revised projections are 132,621 in FY 12-13 and 128,885 in FY 2013-14 (an increase of 398 and 280 inmates respectively).
  - Average daily parolee populations are anticipated to be higher in the current year. The revised projections are 62,498 in FY 2012-13 (an increase of 60 parolees above the January 10, 2013 projection) and 46,358 in FY 2013-14 (a decrease of 1,262 from the earlier projection).

  No Direct County Impact

Fire Camps *(Governor's May Revision Budget Summary, Page 41)*

- An increase of $15.4 million to reflect 3,800 state prison inmates participating in fire camps. The 2012 Budget Act projected that the number of inmates would decrease to 2,500. The state now estimates there are sufficient eligible state prison inmates to maintain all current fire camps and crews.

  No Direct County Impact
  - While this revision does not have a direct impact on County operations or funds, the proposal to maintain all current fire camps will support suppression efforts in areas that are exposed to wildland fire risks. CAL FIRE currently operates four conservation camps in the county.

Proposals Regarding Offenders Held at the County Level *(Governor's May Revision Budget Summary, Page 41)*

- The Governor proposes tools for counties to manage offenders at the local level. The details of these proposals are pending specific language in trailer bills.
  - Long Term Offenders – Authorizes CDCR to house long-term offenders sentenced to county jails if the county agrees to accept an equivalent average daily population of short term offenders. County Parole Boards would make a determination regarding the long term offenders to send to state prison after inmates have served three years of their sentence in county jails. Details of this proposal are not yet available. The County has concerns with this concept, does not think the policy as proposed will necessarily offer any jail population relief for the County and that implementation of this policy would create challenges for our criminal justice system.
  - Mandatory Supervision and Split Sentences - Establishes a presumption of a minimum level of split sentencing, but authorizes a judge to make an exception if the judge determines that a split sentence is not appropriate.

Public Safety Realignment Implementation *(Department of Finance Trailer Bill Proposals)*

- The Governor proposes the following additional trailer bill language:
  - Notification of Reception Center or Parole Office Closures – Requires CDCR to provide written notification at least 90 days prior to the opening, closure, or change of location of a reception center or parole office.
  - Misclassified Post-Release Community Supervision or Parole Placement – Provides a 60 day period during which an offender can be transferred between the jurisdictions of probation and parole.

- Supervision of Decertified Mentally Disordered Offenders – Requires CDCR to provide parole supervision for court-decertified Mentally Disordered Offenders released from a state hospital, even if the offender is otherwise eligible for Post-Release Community Supervision at the county level.
- Technical changes to monthly allocations by the State Controller's Office to change from a quarterly distribution to a monthly distribution for certain realigned programs and corrections to language regarding the distribution of certain growth funds from the Law Enforcement Services Growth Subaccount.

  Minimal County Impact

Cal FIRE

- **Emergency Fund** *(Governor's May Revision Budget Summary, Page 45)* – Increases the Emergency Fund by $51 Million to provide resources for statewide emergency fire suppression efforts.

  Unknown County Impact
- **Expenditures of Projected SRA Fee Revenue** *(Continued from the Governor's January Budget Summary, Page 86)* – The Proposed Budget includes an increase of $11.7 million in revenues generated as a result of the State Responsibility Area (SRA) Fees to implement SB 1241 (Chapter 311, Statutes of 2012) and engage in other fire prevention activities. SB 1241 requires cities and counties to review and update their general plan's safety element to address fire risks on land classified as SRAs and very high fire hazard severity zones. The bill also required counties to make specified findings before approving a tentative map for an area located in a SRA or a very high fire severity zone. The budget proposes 65 state level positions for fire prevention activities and a Vegetation Management Program.

  Unknown County Impact

Department of Child Support *(Continued from the Governor's January Budget Detail, Section 5175)*

- The Governor's Proposed Budget restores the county share of child support collections in FY 2013-14 following two years of those funds being redirected from the counties to the State.

  County Impact
  - This action preserves the resources that the Department of Child Support Services uses to leverage federal funding and protects an estimated $2 to $4 million in total resources for the program.

Suspension/Redetermination of State Mandates *(Continued from the Fiscal Year 2012-13 Enacted Budget)*

- Redetermination of the Sexually Violent Predator Mandate – Chapters 762 and 763, Statutes of 1995, created the Sexually Violent Predators reimbursable state mandate. The Department of Finance has submitted a request to the Commission on State Mandates requesting that the commission set aside its prior test claim decision due to the adoption of Proposition 83 in 2006 ("Jessica's Law"). The County and other organizations and jurisdictions have submitted comments in opposition to this action.

  County Impact
  - Unknown at this time pending the decision of Commission on State Mandates. Current County reimbursement for these mandated costs are in excess of $700,000 annually.